# Exhibit 12

Projections

## Projections

The Projections consist of the following unaudited pro forma financial statements: a projected income statement (the “Income Statement”) for January 1, 2007 through December 31, 2012; a projected cash flow statement (the “Cash Flow Statement”) for January 1, 2007 through December 31, 2012; and a balance sheet (the “Balance Sheet”) projected as of an assumed Effective Date of December 31, 2007. The Projections are based on the Debtors’ April 2007 business plan and the forecasted consolidated financial results of the Debtors, the Reorganized Debtors, and their non-debtor Affiliates.

THE DEBTORS’ MANAGEMENT PREPARED THE PROJECTIONS WITH THE ASSISTANCE OF THEIR PROFESSIONALS. THE DEBTORS’ MANAGEMENT DID NOT PREPARE SUCH PROJECTIONS TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE DEBTORS’ INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE PROJECTIONS THAT ACCOMPANY THE DISCLOSURE STATEMENT AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS, AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THE DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. THE PROJECTIONS ARE QUALIFIED IN THEIR ENTIRETY BY THE DESCRIPTION THEREOF CONTAINED IN ARTICLE V OF THE DISCLOSURE STATEMENT.

MOREOVER, THE PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE CONSUMMATION AND IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, COMMODITY PRICE FLUCTUATIONS, CURRENCY EXCHANGE RATE FLUCTUATIONS, MAINTENANCE OF GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (AS DETAILED IN ARTICLE VI OF THE DISCLOSURE STATEMENT ENTITLED “CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING”), AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS

EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE DEBTORS PREPARED THESE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTORS, AS APPLICABLE, DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THE DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AND INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

## I. Income Statement and Cash Flow Statement

### (A) Market and Operational Drivers

"Gross profit" in the Income Statement is based on the financial performance of the Debtors' power generating assets using an approach independently established by the Debtors' Professionals to forecast the Debtors' various power generating assets across their operating areas. In particular, the Income Statement accounts for the conditions in each regional market, trading and risk management activities, and plant specific factors, such as plant operating characteristics. The Income Statement's projections for the years 2007 and 2008 rely on forward market commodity prices as of January 31, 2007 (except for the month of January 2007 for which commodity spot prices were used). The Income Statements' projections for years 2009 through 2012 are based on a price forecast and operating performance as developed by the Debtors' energy industry consultants.

### (B) Plant Operating and Maintenance Costs

The Income and Cash Flow Statements' plant operating and maintenance expense estimates are based on the Debtors' 2007 budget, which was established on a plant-by-plant and account-by-account basis by Calpine plant management and finance staff and approved by senior management. Key budget items include labor, insurance, variable expenses for materials such as water and chemicals, maintenance activities, and property taxes.

For the years after 2007, expenses were adjusted for inflation as well as projected changes in plant dispatch levels. For example, variable operating and maintenance estimates on a dollar per megawatt hour basis were adjusted for inflation at a rate of 2.3% per year and applied to projected plant dispatch profiles to adjust budgeted expenses. Property tax estimates reflect property tax abatement agreements when applicable.

### (C) Minority Interests

While Calpine holds a 100% interest in most of its operating assets, it holds less than a 100% interest in certain assets. The accounting treatment for such minority ownership interests varies based on the ownership structure of the asset. For purposes of the Income and Cash Flow Statements, the Russell City plant (65% ownership by Calpine) and the Greenfield plant (50% ownership by Calpine) were assumed to be consolidate and minority interest adjustments were made. These minority interest adjustments also are reflected in the pro forma Cash EBITDAR forecast.

### (D) Sales, General, Administrative, and Other

In addition to market and plant specific factors, the Income Statement reflects other items, such as corporate overhead, which comprises the majority of the expense included in Sales, General, Administrative, and Other category, to determine Net Income. Major components of the Debtors' corporate overhead consist of salaries, benefits, bonuses, outside services, office space, equipment, office expense, insurance, and other miscellaneous expenses. The Debtors' corporate overhead budget for year 2007 was prepared on a "bottom-up" basis, with each department submitting budgets for the upcoming fiscal year. Each department forecasted year 2007 expenditures by analyzing expected personnel requirements, salaries, and anticipated additional cost savings through reductions in non-personnel related overhead spending. These cost expenditures include expenses at both the corporate and department level. For the years 2008-2012, corporate overhead expenses are projected to increase at an annual rate of 2.3%.

### (E) Reorganization and Other Restructuring Assumptions

#### 1. Restructuring Charges

The Cash Flow Statement assumes that Calpine will incur approximately $361 million of cash restructuring charges in 2007. These payments relating to the Chapter 11 Cases are comprised of professional fees, payment of administrative, priority, and other secured claims, management emergence bonuses, and relocation costs. In addition, Calpine expects to incur approximately $50 million of restructuring charges in 2008, primarily from professional fees.

Professional fees were projected by examining the run-rate for professionals billing at hourly and fixed-rates for 2006 and estimating 2007 and 2008 run-rate billing levels, accounting for hold-backs, success fees, and projected post-exit work plans. Management emergence bonuses were calculated based on the formula provided for in the relevant employment agreement or incentive program.

### 2. Asset Rationalization

As of March 2007, Calpine had sold or turned-over eight projects or businesses since commencing the Chapter 11 Cases, generating net proceeds of $648 million and reducing project debt by $599 million and reducing lease obligations. The Projections assume additional net proceeds of $337 million will be raised via asset sales bringing total projected asset sales proceeds to $722 million for 2007. Calpine continues to evaluate its diverse asset portfolio and, therefore, any assumptions relating to the results of Calpine's asset rationalization efforts remain subject to material change. Moreover, assets are assumed to be sold at net "book value" and, therefore, will not include any impairment charges or any gains.

### 3. Contract Rationalization

"Contract rationalization" savings included in the Income and Cash Flow Statements are based on savings as a result of contracts and leases that have been terminated, repudiated, or restructured as of January 27, 2007. The Projections do not reflect any effect for restructuring the SCE contract. The contract rationalization process is expected to result in a material improvement in annual cash flow during the forecasted period.

## (F) Income Taxes

Generally, projected income taxes in the Income and Cash Flow Statements include both state income taxes and the federal alternative minimum tax, as well as provisions for deferred federal taxes. For purposes of forecasting potential taxable income, the Projections assume that Calpine retains sufficient NOLs to offset most taxable income during the forecasted period. However, a final assessment of Calpine's usable NOLs may vary based on the structure of the Plan and events occurring after the Effective Date. In addition, Reorganized Calpine's use of its NOLs may be subject to certain limitations under section 382 of the Internal Revenue Code, which could have a material impact on the level of income tax that the Reorganized Debtors would be required to pay. For the year 2008 only, the Projections reflect a $36 million payment by the Reorganized Debtors to the IRS based on the settlement of the IRS's 1997 – 2002 audit of Calpine.

## (G) Capital Expenditures and Major Maintenance

Capital expenditures and major maintenance reflected in the Income and Cash Flow Statements are for upkeep and investment in power generation assets. For purposes of the Projections, Calpine's capital expenditures are assumed to include maintenance and construction and investment capital expenditures. The Projections assume that Calpine will obtain third-party financing for a majority of its construction capital expenditures.

For years 2007 and 2008, the Projections estimate of capital expenditures reflect budgeted amounts for capitalized mandatory major maintenance, new plant construction, and other essential capital projects. Capital expenditures for years 2009 through 2012 are projected on a plant-by-plant basis.

**(H) Financing Activities**

Principal payments and proceeds from borrowings reflected in the 2007 Cash Flow Statement reflect the receipt of proceeds from the Replacement DIP Facility, which were used to pay the Original DIP Facility and the CalGen Secured Debt. Additionally, the Cash proceeds from the New Credit Facility and the use of such Cash are both reflected in the Financing Activities section of the Cash Flow Statement.

## II. Balance Sheet

The Balance Sheet reflects the Reorganized Debtors' and their Affiliates' pro forma projected consolidated balance sheet as of the Effective Date, based upon the New Calpine Total Enterprise Value, which is the midpoint range of the total enterprise value of the Reorganized Debtors, as set forth in Article V of the Disclosure Statement. The Balance Sheet was developed from the December 31, 2006 balance sheet contained in Calpine's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as adjusted for the projected income and cash flow for 2007 and may not be in accordance with generally accepted accounting practices. The Balance Sheet does not reflect the impact of generally accepted "fresh start" accounting. Adjustments were made to the December 31, 2007 balance sheet for illustrative purposes only to demonstrate the effect of the Plan on a pro forma balance sheet. The Debtors did not forecast changes in certain balance sheet items, which therefore remain constant on the Balance Sheet.

The Balance Sheet contains certain pro forma adjustments as a result of Plan Consummation. This opening balance sheet also includes the debt and other obligations of Calpine's non-debtor Affiliates, because these obligations will continue to remain outstanding and will be paid in the ordinary course of each non-debtor Affiliate's operations. Certain liabilities subject to compromise will be converted to equity as a result of the Reorganized Debtors' issuance of New Calpine Common Stock (based upon the New Calpine Total Enterprise Value) to satisfy Allowed Claims under the Plan. The projected opening cash balance includes certain cash items from the sale of claims and other working capital related items.

Calpine has adjusted Property, Plant & Equipment in order for the Balance Sheet to reflect assumed Reorganized Equity Value in the low claims case. The effect of "fresh start" accounting when implemented may result in changes in assets other than Property, Plant & Equipment to reflect the Reorganized Equity Value.

On the Effective Date, the Reorganized Debtors will enter into the New Credit Facility and use the proceeds of that Facility and existing distributable Cash on hand to pay in full in Cash Allowed DIP Facility Claims, Administrative Claims, First Lien Debt Claims, Second Lien Debt Claims, Other Secured Claims, Other Priority Claims, and Unsecured Convenience Class Claims. On the Effective Date, actual Cash may vary from Cash reflected in the Balance Sheet

because of variances in the Projections and potential changes in the Debtors' need for Cash to consummate the Plan.

**Unaudited**

| Calpine Consolidated Income Statement<br>$MM | Pro Forma<br>2007 | Pro Forma<br>2008 | Pro Forma<br>2009 | Pro Forma<br>2010 | Pro Forma<br>2011 | Pro Forma<br>2012 |
|---|---|---|---|---|---|---|
| **Total Revenue** | **$ 6,988** | **$ 7,708** | **$ 7,891** | **$ 8,024** | **$ 8,506** | **$ 8,913** |
| **Cost of Revenue:** | | | | | | |
| Fuel Expense | 4,452 | 4,956 | 4,982 | 5,006 | 5,120 | 5,223 |
| Plant Operating Expense | 778 | 860 | 827 | 899 | 986 | 1,106 |
| Depreciation | 486 | 462 | 472 | 485 | 486 | 498 |
| Operating Lease Expense | 54 | 47 | 47 | 46 | 44 | 44 |
| Other Cost of Revenue | 76 | 78 | 77 | 77 | 79 | 82 |
| **Total Cost of Revenue** | **5,846** | **6,403** | **6,404** | **6,513** | **6,715** | **6,953** |
| **Gross Profit/(Loss)** | **1,143** | **1,305** | **1,487** | **1,511** | **1,791** | **1,960** |
| Sales, General, Administrative, and Other Expense | 293 | 284 | 291 | 298 | 306 | 310 |
| **Income/(Loss) from Operations** | **849** | **1,021** | **1,196** | **1,213** | **1,485** | **1,650** |
| Interest Expense and Financing Costs | 1,263 | 933 | 937 | 940 | 942 | 926 |
| Interest (Income) | (88) | (74) | (91) | (106) | (129) | (167) |
| Minority Interest Expense | 0 | 18 | 21 | 38 | 52 | 46 |
| Other Loss/(Income) | (110) | - | - | - | - | - |
| Reorganization Items | 348 | 34 | - | - | - | - |
| **Income/(Loss) Before Provision/(Benefit) for Income Taxes** | **(563)** | **110** | **329** | **341** | **620** | **844** |
| Provision/(Benefit) for Income Taxes | 162 | 88 | 150 | 156 | 270 | 345 |
| **Net Income/(Loss)** | **$ (725)** | **$ 22** | **$ 179** | **$ 184** | **$ 350** | **$ 499** |

| Calpine Consolidated Cash EBITDAR Forecast<br>$MM | Pro Forma<br>2007 | Pro Forma<br>2008 | Pro Forma<br>2009 | Pro Forma<br>2010 | Pro Forma<br>2011 | Pro Forma<br>2012 |
|---|---|---|---|---|---|---|
| **Income/(Loss) from Operations (from Income Statement)** | **$ 849** | **$ 1,021** | **$ 1,196** | **$ 1,213** | **$ 1,485** | **$ 1,650** |
| Add Back: Depreciation | 486 | 462 | 472 | 485 | 486 | 498 |
| Add Back: Operating Lease Expense | 54 | 47 | 47 | 46 | 44 | 44 |
| Add Back: Major Maintenance and Other | 177 | 131 | 84 | 116 | 173 | 144 |
| Working Capital Adjustments | (76) | 60 | (30) | (25) | 2 | 10 |
| **Consolidated EBITDAR** | **1,489** | **1,721** | **1,769** | **1,834** | **2,189** | **2,346** |
| Less: Minority Interest EBITDAR Adjustment | - | (32) | (45) | (68) | (87) | (83) |
| **Cash EBITDAR** | **$ 1,489** | **$ 1,689** | **$ 1,723** | **$ 1,766** | **$ 2,102** | **$ 2,263** |

**Unaudited**

| Calpine Consolidated Indirect Cash Flow $MM | Pro Forma 2007 | Pro Forma 2008 | Pro Forma 2009 | Pro Forma 2010 | Pro Forma 2011 | Pro Forma 2012 |
|---|---|---|---|---|---|---|
| **Operating Activities** | | | | | | |
| Net Income/(Loss) | $ (725) | $ 22 | $ 179 | $ 184 | $ 350 | $ 499 |
| Add: Depreciation Expenses | 486 | 462 | 472 | 485 | 486 | 498 |
| Add: Non-Cash Compensation Expense | 0 | 0 | 0 | 0 | 0 | 0 |
| Add: Minority Interest Expense | 0 | 18 | 21 | 38 | 52 | 46 |
| Change in Assets | 352 | (18) | 79 | (35) | (11) | (18) |
| Change in Liabilities | (226) | 62 | (111) | 7 | 9 | 23 |
| Change in Interest Payable/Accrued Interest | (138) | 26 | 23 | 26 | 28 | 31 |
| Change in Operating Lease Asset/Liability | 10 | 4 | 2 | 5 | (53) | 10 |
| Change in Maintenance Liability | (1) | 9 | - | - | - | - |
| Add: Deferred Financing Amortization | 15 | 10 | 10 | 2 | 1 | 0 |
| Deferred Income Taxes | 161 | 87 | 142 | 148 | 249 | 316 |
| Income Taxes Payable | - | (36) | - | - | - | - |
| **Cash from/(used in) Operations** | **(66)** | **644** | **818** | **859** | **1,110** | **1,407** |
| **Investing Activities** | | | | | | |
| Capital Expenditures | (569) | (631) | (423) | (215) | (201) | (180) |
| Asset Sales Proceeds | 722 | - | - | - | - | - |
| **Cash from/(used in) Investing** | **153** | **(631)** | **(423)** | **(215)** | **(201)** | **(180)** |
| **Financing Activities** | | | | | | |
| Principal Payments | (11,461) | (333) | (343) | (397) | (262) | (249) |
| Preferred Securities Redemption | (9) | (12) | (16) | (20) | (18) | (18) |
| Distribution (to)/from Partners/Minority Interest | (86) | (8) | (18) | (23) | (33) | (29) |
| Proceeds from Borrowings | 11,538 | 511 | 301 | 62 | - | - |
| **Cash from/(used in) Financing** | **(18)** | **158** | **(76)** | **(378)** | **(313)** | **(297)** |
| **Change in Cash** | 70 | 170 | 318 | 266 | 596 | 930 |
| **Beginning Cash Balance** | 1,695 | 1,765 | 1,935 | 2,253 | 2,519 | 3,115 |
| **Ending Cash Balance** | $ 1,765 | $ 1,935 | $ 2,253 | $ 2,519 | $ 3,115 | $ 4,045 |

**Unaudited**

| Calpine Consolidated Balance Sheet<br>$MM | | Pro Forma<br>12/31/2007<br>Estimate |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | $ | 1,765 |
| Accounts Receivable | | 792 |
| Risk Management Assets - Current | | 151 |
| Other Current Assets | | 664 |
| **Total Current Assets** | | **3,372** |
| | | |
| **Property Plant and Equipment (net)** | | **19,176** |
| | | |
| Other Intangibles | | 50 |
| Investments | | 129 |
| Deferred Financing Costs | | 123 |
| Risk Management Assets - Non-Current | | 352 |
| Other Non-Current Assets | | 957 |
| **Total Non-Current Assets** | | **1,612** |
| **Total Assets** | **$** | **24,160** |
| | | |
| **Liabilities** | | |
| Accounts Payable | $ | 186 |
| Short-Term Debt | | - |
| Current Portion of Long-Term Debt | | 333 |
| Risk Management Liabilities - Current | | 225 |
| Other Current Liabilities | | 824 |
| **Total Current Liabilities** | | **1,568** |
| | | |
| Long-Term Debt | | 10,752 |
| Bond Discount/Premium - Non-Current | | - |
| Risk Management Liabilities - Non-Current | | 475 |
| Other Non-Current Liabilities | | 996 |
| **Total Non-Current Liabilities** | | **12,224** |
| | | |
| **Minority Interest** | | **180** |
| **Stockholders Equity** | | **9,613** |
| **Preferred Securities** | | **574** |
| | | |
| **Total Liabilities & Stockholders Equity** | **$** | **24,160** |